

Message Text

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EXDIS

E.O. 11652: GDS
TAGS: PFOR, GW, US
SUBJECT: THE AMERICAN-GERMAN RELATIONSHIP

SUMMARY: THE GERMAN-AMERICAN RELATIONSHIP IS ONE OF THE CRUCIAL ELEMENTS OF ANY STABLE INTERNATIONAL SYSTEM. IT IS ONE OF THE BROADEST RELATIONSHIPS BETWEEN ANY MAJOR POWERS, PERHAPS THE BROADEST, IN THE SENSE THAT GERMAN AND AMERICAN INTERESTS AND POLICIES TOUCH EACH OTHER AT ALMOST ALL MAJOR POINTS OF CONCERN TO EITHER STATE. FORTUNATELY, IT IS ALSO ONE OF THE MOST HARMONIOUS. OUR BASIC STRATEGIC, POLITICAL AND ECONOMIC OBJECTIVES COINCIDE, AS DO MOST OF OUR POLICIES.

IT IS ALSO A VITALLY IMPORTANT RELATIONSHIP FOR BOTH PARTNERS. NEITHER CAN ACHIEVE MANY OF ITS INTERNATIONAL OBJECTIVES EXCEPT IN COLLABORATION WITH THE OTHER.

THE RELATIONSHIP HAS CHANGED OVER THE POSTWAR YEARS, FROM ONE OF TUTELAGE TO ONE THAT APPROACHES EQUALITY BUT WILL NOT ATTAIN IT IN OUR TIME. THE GROWTH OF GERMAN POWER THAT HAS PRODUCED THE CHANGE IN THE RELATIONSHIP HAS ALSO MADE IT HARDER TO PRETEND THAT IT IS NOT OUR MOST IMPORTANT ALLIANCE TIE. NEITHER WE NOR THE GERMANS WANT TO FOCUS ATTENTION ON THE INCREASINGLY BILATERAL CHARACTER OF OUR DEALINGS, BUT IT IS MORE DIFFICULT THAN BEFORE TO IGNORE--AND TO PERSUADE OTHERS TO IGNORE--THIS DEEPENING REALITY.

DESPITE THE GENERAL COMMONALITY OF US-GERMAN
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INTERESTS, DIFFERENCES EXIST AND WILL CONTINUE TO EXIST. THEY SHOULD NOT SURPRISE US NOR LEAD US TO UNDERESTIMATE THE VALUE OF THOSE INTERESTS AND POLICIES WE SHARE. NOR SHOULD THEY PREVENT US FROM FOCUSING ON THE CONTINUING BROAD COMMONALITY .

IN THIS MESSAGE, WE EXAMINE HOW THE RELATIONSHIP BETWEEN THE UNITED STATES AND THE FRG IS EVOLVING AND HOW A NUMBER OF IMPORTANT ISSUES CAN AFFECT THAT RELATIONSHIP FAVORABLY OR ADVERSELY. OUR ANALYSIS SUGGESTS THAT FEW ISSUES CAN DISRUPT THE RELATIONSHIP, AND THAT NONE MAY BE WORTH THE PRICE.
END SUMMARY

1. THE FEDERAL REPUBLIC AND THE UNITED STATES GENERALLY SHARE THE SAME INTERNATIONAL INTERESTS, OBJECTIVES, AND OFTEN EVEN POLICIES. BOTH STATES WANT A STABLE INTERNATIONAL ORDER IN WHICH FREE POLITICAL AND ECONOMIC INSTITUTIONS CAN THRIVE.

BOTH WANT CLOSE ASSOCIATION WITH EACH OTHER,
BECAUSE THAT ASSOCIATION GENERALLY REINFORCES THEIR
OWN STRENGTH. EACH IS A PRINCIPAL, EVEN THE PRINCIPAL,
ALLY OF THE OTHER. THE TWO COOPERATE IN VIRTUALLY
EVERY MAJOR AND EVEN MINOR INTERNATIONAL ENTERPRISE.
DURING THE AMERICAN BICENTENNIAL, ALL SPEAKERS ON
BOTH SIDES AGREED THAT RELATIONS BETWEEN THE
TWO STATES WERE NOT ONLY VITAL BUT GOOD.

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2. ONE OF TODAY'S MORE FREQUENT HOMILIES IS THAT THE FEDERAL REPUBLIC OF GERMANY IS COMING OF AGE AS A MAJOR POWER IN EUROPEAN AND EVEN WORLD AFFAIRS. THIS POWER DERIVES PRINCIPALLY FROM THE FRG'S STRONG INTERNATIONAL ECONOMIC POSITION, AS WELL AS FROM ITS STANDING AT THE FOREFRONT OF MODERN SCIENCE AND TECHNOLOGY. IT ALSO HAS A FIRM FOUNDATION IN THE IMPORTANT MILITARY CONTRIBUTION THAT GERMANY MAKES TO NATO. ITS MOST IMPORTANT ELEMENT, HOWEVER, IS THE STABILITY OF THE WEST GERMAN POLITICAL AND SOCIAL SYSTEM OVER THE PAST THIRTY YEARS.

3. FROM THE AMERICAN STANDPOINT, IT HAS BECOME A TRUISM THAT WE REQUIRE GERMAN PARTICIPATION OR SUPPORT IF WE ARE TO BE SUCCESSFUL IN ALMOST ANY MAJOR INTERNATIONAL ENTERPRISE. A CATALOGUE OF OUR RECENT DISCUSSIONS WITH THE GERMANS UNDERLINES THIS: THE FRG HELPED US TO PUT A LID ON THE RECENT EC STATEMENT CONCERNING THE MIDDLE EAST; WE CANNOT HAVE A NATO AWACS PROGRAM UNLESS THE FRG BUYS IN; IF WE ARE TO STEER THE WORLD ECONOMY SUCCESSFULLY, WE MUST PERSUADE THE FRG TO WORK WITH US; FRG WILLINGNESS TO ADAPT ITS NUCLEAR EXPORT POLICIES-- AND PARTICULARLY ITS TRANSFER OF NUCLEAR TECHNOLOGY TO BRAZIL--TO MEET OUR POSITION IS FUNDAMENTAL TO THE SUCCESS OF OUR NON-PROLIFERATION POLICY; THE FRG IS ONE OF THE RELIABLE BULWARKS IN OUR ATTEMPT TO FIND A FREE MARKET RESPONSE TO THIRD WORLD DEMANDS IN THE NORTH/SOUTH DIALOGUE AND IN THE LAW OF THE SEA NEGOTIATIONS ON DEEP SEABED MINING; IN ATTEMPTING A SPEEDY AND SUCCESSFUL CONCLUSION OF THE MTN, THE FRG WILL BE THE STRONGEST

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ADVOCATE WE WILL HAVE IN EC FORUMS; LAST BUT NOT

LEAST, A GERMAN READINESS TO CONTINUE ITS OWN EFFORTS TO IMPROVE RELATIONS WITH THE EAST MUST BE PART OF ANY SUCCESSFUL GLOBAL DETENTE POLICY.

4. OUR RELATIONSHIP WITH THE FRG HAS, THUS, IN RECENT YEARS MOVED FURTHER AND FURTHER AWAY FROM THE SEMI-SATELLITE RELATIONSHIP THAT WE HAD IN THE EARLY POST-WAR YEARS. THE FRG IS STILL FUNDAMENTALLY DEPENDENT ON US AS THE ULTIMATE GUARANTOR OF ITS DEFENSE. MOREOVER, THE FRG STILL DEPENDS ON THE UNITED STATES TO CREATE THE BROAD INTERNATIONAL CONTEXT WITHIN WHICH ITS OWN POLICIES AND THE FRG ITSELF CAN PROSPER. HOWEVER, AS INDICATED ABOVE, WE NOW NEED THE GERMANS' SUPPORT FOR MANY OF OUR POLICY INITIATIVES ALMOST AS MUCH AS THEY NEED US.

5. GERMAN STRENGTH IS NOT WITHOUT ITS ACCOMPANYING DISADVANTAGES. IN FORMER TIMES, WHEN PEOPLE SPOKE OF "THE GERMAN PROBLEM," THEY MEANT THE DANGER THAT THE GERMAN EMPIRE WOULD DOMINATE EUROPE AND PERHAPS THE WORLD. MANY WELCOMED THE DIVISION OF GERMANY AS A MEANS OF ASSURING THAT THIS PROBLEM WOULD NOT ARISE AGAIN. YET NOW, IN EUROPE, PEOPLE SPEAK OF "THE GERMAN PROBLEM" AS THE DOMINATION OF EUROPE BY THE RUMP GERMANY THAT IS THE FEDERAL REPUBLIC. THAT FEDERAL REPUBLIC, DESPITE ITS DEEP COMMITMENT TO DEMOCRACY AND TO THE STABILITY OF INTERNATIONAL INSTITUTIONS, AND DESPITE ITS CONTRIBUTION TO THE COMMON DEFENSE, STILL EASILY AROUSES THE JEALOUSIES AND ANIMOSITIES NOT ONLY OF ITS NEIGHBORS BUT OF MANY OTHER COUNTRIES. APPRECIATION OF THIS SENTIMENT ALSO INFLUENCES GERMAN POLICY AND IS AN IMPEDIMENT TO GERMAN "LEADERSHIP" IN EUROPE.

6. THE DOMESTIC POLITICAL SITUATION ALSO AFFECTS
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THE STYLE AND EXTENT OF GERMANY'S INTERNATIONAL ROLE. CURIOUSLY, ALTHOUGH IN ECONOMIC, POLITICAL AND MILITARY TERMS THE FEDERAL REPUBLIC IS STRONGER THAN EVER, ITS PRESENT GOVERNMENT IS WEAK. SCHMIDT'S COALITION GOVERNMENT HAS A NARROW MARGIN, ONLY FOUR VOTES ABOVE THE ABSOLUTE MAJORITY REQUIRED FOR SOME CRUCIAL VOTES. THERE IS DISSENT WITHIN SCHMIDT'S OWN PARTY. HIS COALITION PARTNER, THE FDP, IS MORE ASSERTIVE, ESPECIALLY IN FOREIGN AFFAIRS, AND TENDS TO VIEW SOME ISSUES MORE CONSERVATIVELY THAN THE SOCIAL DEMOCRATS.

7. SCHMIDT'S CHARACTER AND LEADERSHIP STYLE CONTRI-

BUTE TO THE GOVERNMENT'S PROBLEMS. HE IS A PRAGMATIST

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WITH LITTLE PATIENCE FOR IDEOLOGY OR WHAT HE VIEWS AS IVORY-TOWER THEORIZING. HE PREFERS TO SOLVE PROBLEMS AS THEY ARISE AND TRIES TO STEER A MIDDLE COURSE. THESE TALENTS ENABLE HIM TO HOLD TOGETHER A NARROW MAJORITY BY SWIFT AND INTELLIGENT MANEUVERING, BUT THEY MAY NOT BE SUFFICIENT TO LEAD THE NATION THROUGH A LONG AND DIFFICULT PERIOD. AT THE SAME TIME, SCHMIDT'S PROPENSITY TO BE ARROGANT AND SUPERCILIOUS LIMITS HIS ABILITY TO BUILD A BROAD BASE OF SPONTANEOUS SUPPORT, EXCEPT PERHAPS WHEN THERE IS A CLEARLY DISCERNIBLE SHORT-TERM CRISIS. HISTORIANS MAY NOT ACCORD HIM THE SAME RANK AS SUCH GREAT INNOVATORS AS ADENAUER AND BRANDT, THOUGH HIS TIMES, OF COURSE, ARE DIFFERENT.

8. GIVEN THESE PROBLEMS OF THE GOVERNMENT, IT IS FORTUNATE FOR SCHMIDT THAT THE OPPOSITION PARTIES ARE NOT FULLY UNITED AND THAT THE OPPOSITION LEADER HAS NOT AS YET PROVEN HIMSELF VERY EFFECTIVE. THEREFORE, UNLESS A DISPUTE BETWEEN THE COALITION PARTNERS GETS OUT OF CONTROL, THE GOVERNMENT IS LIKELY TO SURVIVE. HOWEVER, TO INSURE THE CONTINUATION OF THE COALITION, SCHMIDT, GENSCHER AND COMPANY WILL HAVE TO SPEND CONSIDERABLE TIME CULTIVATING THEIR OWN POLITICAL GARDENS AND FOCUSING ON DOMESTIC CONCERNS AND THE DOMESTIC IMPACT OF THEIR FOREIGN POLICIES.

9. YET FOR SCHMIDT AND HIS GOVERNMENT, AN INTERNATIONAL ROLE IS IMPORTANT. WHILE EUROPE WILL REMAIN FOR A LONG TIME THE MAIN FOCUS OF GERMAN INTERESTS, THE INTEREST AND INVOLVEMENT OF THE FEDERAL REPUBLIC IN GLOBAL PROBLEMS IS EXPANDING RAPIDLY. SCHMIDT GENUINELY BELIEVES THAT MAJOR

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WORLD PROBLEMS CAN ONLY BE SOLVED BY COOPERATION BASED ON CONSULTATION AND COMPROMISE. HE VERY MUCH ENJOYS PLAYING A ROLE AS A WORLD LEADER, NOT ONLY FOR HIS PERSONAL BENEFIT BUT BECAUSE IT DEMONSTRATES HOW GERMANY HAS RISEN FROM THE ASHES AND IS NOW AGAIN A FULLY RESPECTED PARTNER. LIKE MANY NATIONS, HOWEVER, GERMANY IS HAUNTED BY ITS OWN SPECTRES. THESE INCLUDE THE DREAD OF ISOLATION,

A CAPACITY TO SEE BETRAYAL WHERE NONE IS INTENDED,
AND AN ABIDING HORROR OF ECONOMIC INSTABILITY--
ESPECIALLY INFLATION. EVEN AS THE GERMANS PLAY A
MORE PROMINENT INTERNATIONAL ROLE, THERE ALWAYS
LURKS IN THE BACKS OF THEIR MINDS A SENSE THAT THEY
CAN AND WILL PERHAPS BE DENIED A VOICE AT CRUCIAL
MOMENTS ON MATTERS DEEPLY AFFECTING THEIR OWN
INTERESTS.

10. IT HAS BEEN THE GENIUS OF AMERICAN AND EUROPEAN
POLICY IN EUROPE FOR THE PAST 30 YEARS TO BE ABLE TO
DEVISE AND SUSTAIN STRUCTURES THAT COULD CHANNEL THE
STRENGTH AND THE ENERGIES OF THE FRG AND ITS PEOPLE
INTO AN INTERNATIONAL MOLD. NATO AND THE EUROPEAN
COMMUNITY STAND AS WITNESSES TO THAT SUCCESS.
HOWEVER, THOSE INTERNATIONAL ORGANIZATIONS NOW
PROVIDE LESS OF A COVER, AS PEOPLE SPEAK MORE
FREQUENTLY OF "THE TWIN PILLARS OF NATO," OR OF THE
"BONN-WASHINGTON AXIS," IMAGES NEITHER WE NOR THE
GERMANS WISH TO PROPAGATE. IT IS PRECISELY THE
EUROPEANS, WHERE GERMAN INTERESTS FOCUS, WHO ARE
MOST RESENTFUL OF A STRONG GERMAN-AMERICAN RELATIONSHIP.

11. YET AMERICAN POLICIES AND THE AMERICAN PRESENCE
HAVE PROVIDED THE MOST IMPORTANT ANCHORS TO WINDWARD FOR
THE FRG OVER THE LAST GENERATION, AND ONLY THE UNITED
STATES IS NOW STRONG ENOUGH TO SERVE AS A REAL PARTNER
TO THE FRG. THE OTHER WEST EUROPEAN STATES CAN DO SO
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ONLY IN CONCERT. THE GDR HAS SHOWN THAT IT CANNOT STAND
TOO CLOSE AN ASSOCIATION WITHOUT EXACERBATING INTERNAL
FRICTIONS; EVEN THE SOVIET UNION, BOUND BY ITS OWN
MEMORIES OF THE WORLD WARS AND BY ITS DEEP SUSPICIONS OF
THE GERMANS, SEEMS UNABLE TO DEVISE OR SUSTAIN A
RELATIONSHIP FREE OF PETTY QUARRELS AND POINTLESS
JOCKEYING. IT WILL CONTINUE, THEREFORE, TO BE AMERICAN
POLICY THAT WILL SET THE CONTEXT FOR THE FOREIGN POLICY
OF THE FEDERAL REPUBLIC, AND WHICH WILL DETERMINE ITS
SUCCESSES AND FAILURES. THIS WILL REINFORCE THE MUTUAL
DEPENDENCE OF THE US AND THE FRG.

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12. THE PSYCHOLOGICAL CLIMATE IN GERMANY FACILITATES
RATHER THAN HINDERS AGREEMENT ON COMMON APPROACHES TO
INTERNATIONAL PROBLEMS. THIS IS A COUNTRY WHERE ANTI-

AMERICANISM IS NOT A WINNING POLITICAL SLOGAN. THEREFORE, AMERICAN PARTICIPATION IN ANY INTERNATIONAL ENTERPRISE HELPS MAKE THAT ENTERPRISE ATTRACTIVE TO THE GERMANS. BY THE SAME TOKEN, THE GERMANS FEEL FAR MORE COMFORTABLE WITH US THAN AGAINST US.

13. THIS IS NOT, HOWEVER, A SITUATION WHICH WE CAN TAKE FOR GRANTED. FOR ONE THING, THE NEW GENERATIONS OF GERMANS COMING OF AGE SINCE THE POST-WAR YEARS ARE MUCH LESS INCLINED TO ACCEPT THE US UNCRITICALLY AS LEADER OF THE WESTERN WORLD AND MORE INCLINED TO SEE US AS AT BEST A SENIOR PARTNER WITH FAULTS AS WELL AS VIRTUES AND WITH AN OCCASIONAL TENDENCY TO BE OVERBEARING. THE LEFTOVER FEELINGS OF THE OCCUPATION SOMETIMES MAKE THE GERMANS MORE SENSITIVE THAN THEY SHOULD BE, AS DOES THEIR FEELING THAT WE TREAT THEM MORE BRUSQUELY AND WITH GREATER PRESSURE THAN, FOR EXAMPLE, SUCH OLDER ALLIES AS THE BRITISH OR FRENCH. THEY ACCEPT THESE REALITIES BUT DO NOT ENJOY THEM.

14. GERMAN PARTICIPATION IN THE BICENTENNIAL PROVIDED A EUPHORIC SHEEN TO OUR RELATIONSHIP. BUT THIS SHOULD NOT LEAD US TO IGNORE THE SIMPLE REALITY THAT OUR NATIONS DO NOT ALWAYS AGREE UPON EVERYTHING, AND THAT GERMAN AND AMERICAN POLICIES HAVE NOT ALWAYS BEEN FULLY IN ACCORD. WE PERIODICALLY ARGUED ABOUT TRADE AND ECONOMIC MATTERS, AND EVEN ABOUT MILITARY COMMITMENTS AND COST SHARING, THROUGHOUT MUCH OF THE 1950'S AND 1960'S. IN RECENT YEARS CHANCELLOR SCHMIDT, LIKE OTHER EUROPEANS, HAS SCOLDED US FOR EXPORTING INFLATION

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OR RECESSION, OR FOR ALLEGEDLY FAILING TO STRIVE HARD ENOUGH TO AVERT THE BANKRUPTCY OF NEW YORK CITY.

15. AS GERMAN POLICIES RANGE WIDER AFIELD FROM EUROPE, CONFLICTS ARE BOUND TO INCREASE. OUR INTERESTS IN EUROPE ARE VIRTUALLY IDENTICAL BUT THEY MAY NOT ALWAYS BE IDENTICAL ELSEWHERE. WE WILL PROBABLY REMAIN IN BASIC AGREEMENT ON OUR APPROACH TO STRATEGIC MILITARY ISSUES, AND THESE WILL REMAIN THE DOMINANT FACTOR IN GERMAN POLITICAL THINKING. BUT ECONOMIC ISSUES ARE BECOMING INCREASINGLY IMPORTANT IN GERMAN POLICY CONSIDERATIONS, INCLUDING IN PARTICULAR THE ENERGY FACTOR, AND HERE THERE IS GREATER POTENTIAL FOR DISAGREEMENT. THERE IS GROWING GERMAN DEPENDENCE ON IMPORTED PETROLEUM AND ON NUCLEAR GENERATING CAPACITY. THE FORMER, IN THE LIGHT OF CHANGED OPEC ATTITUDES, HAS RESULTED IN CLOSER GERMAN ATTENTION TO THE ARAB STATES AND MIDDLE EAST PROBLEMS. AS FOR THE LATTER,

MANY GERMANS BELIEVE, RIGHTLY OR WRONGLY, THAT AN ADVANCED TECHNOLOGY NUCLEAR INDUSTRY DEPENDS ON FOREIGN SALES. ECONOMIC CONSIDERATIONS SUCH AS THESE INCREASINGLY AFFECT THE THINKING OF SENIOR GERMAN OFFICIALS AND THEIR APPROACH TO OTHER INTERNATIONAL ISSUES.

16. NEITHER THEY NOR WE, HOWEVER, NEED TO REGARD EVERY DISAGREEMENT AS A NOVEL PHENOMENON THAT WILL TEST THE FABRIC OF THE ALLIANCE AND PERHAPS TEAR IT. ON THE CONTRARY, THE FOLLOWING LISTING OF THE MORE IMPORTANT ISSUES BEFORE US SUGGEST THAT THESE ISSUES BY AND LARGE CONTAIN AS MUCH POTENTIAL FOR STRENGTHENING AS FOR DAMAGING THE AMERICAN-GERMAN RELATIONSHIP:

-- EAST-WEST ISSUES. ON THESE QUESTIONS, MORE THAN ON ANY OTHERS, THE GERMANS LOOK TO US FOR LEADERSHIP AND TO PROVIDE THE BROAD FRAMEWORK IN WHICH THEIR
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POLICIES CAN SUCCEED OR FAIL. THEY ARE OCCASIONALLY NERVOUS THAT WE MIGHT MAKE UNILATERAL AGREEMENTS WITH THE SOVIET UNION, BUT THEY RECOGNIZE OUR OVERRIDING INTERESTS IN SUCH MATTERS AS STRATEGIC WEAPONRY. OUR MAIN DIFFICULTY IS THAT WE MAY ON OCCASION BE OUT OF PHASE WITH EACH OTHER, WITH ONE OF US ADVANCING ON DETENTE WHILE THE OTHER HOLDS BACK (OR IS HELD BACK BY THE SOVIETS). BUT THIS SHOULD BE MANAGEABLE BY CLOSE CONSULTATION. THEREFORE, THIS IS AN AREA WHICH WE SHOULD BE ABLE WITH LITTLE EFFORT TO MAKE A STABLE ASSET IN US-FRG RELATIONS.

-- DETENTE-RELATED MULTILATERAL NEGOTIATIONS. ON DISARMAMENT MATTERS, THE GERMANS GENERALLY AGREE WITH

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AMERICAN STRATEGIC THINKING AND WITH OUR HANDLING OF SPECIFIC ISSUES. THERE ARE TACTICAL DIFFERENCES, PROBABLY MOST SERIOUS IN THE MBFR FIELD BECAUSE OF THE GERMAN INSISTENCE THAT NOTHING SHOULD BE DONE THAT MIGHT GIVE MOSCOW CONTROL OVER THE BUNDESWEHR. BUT WE DO NOT REGARD THESE AS POTENTIAL SOURCES OF REAL DIFFICULTY UNLESS EITHER NATION DRAMATICALLY CHANGES ITS POLICIES.

-- POLITICAL/MILITARY RELATIONS. THIS FIELD ALSO REMAINS AN AUSPICIOUS ONE FOR COOPERATION. DESPITE

NATO PROBLEMS WITH STANDARDIZATION, THE GERMAN AND AMERICAN ARMIES WORK WELL TOGETHER AND GENERALLY ARE WILLING TO SUPPORT THE SAME OBJECTIVES. HOWEVER, THERE HAS BEEN INCREASING GERMAN RELUCTANCE--SHARED ALSO BY OTHER EUROPEAN NATIONS--TO COMMIT FUNDS FOR THE PURCHASE OF AMERICAN-INSPIRED AND AMERICAN-PRODUCED WEAPONS SYSTEMS. THEY DEMAND A TWO-WAY STREET. THESE ARE WARNING SIGNALS WHICH WE DARE NOT IGNORE, BUT WHICH SHOULD NOT DISRUPT THE RELATIONSHIP.

-- BERLIN. THIS ISSUE IS AN EMOTIONAL ONE FOR THE GERMANS, AS IT WOULD BE FOR ANY COUNTRY IN THEIR POSITION. THEY OFTEN OVERREACT AND THEY DO THINGS THAT CAUSE OVERREACTION ON THE SOVIET AND GDR SIDE. THERE IS ALSO THE RISK THAT THEY WILL NOT ALWAYS KEEP US INFORMED, THOUGH WE PUSH HARD FOR CLOSE CONSULTATION. WE SEE LITTLE LIKELIHOOD OF A MAJOR RUPTURE IN THIS AREA BECAUSE WE GENUINELY STAND TOGETHER WITH THE GERMANS AT TIMES OF CRISES, BUT THERE IS A CHANCE THAT AN ACCUMULATION OF DIFFERENCES ON EMERGING ISSUES COULD CREATE MUTUAL MISUNDERSTANDINGS. OBVIOUSLY, THE LARGEST UPCOMING TEST WILL BE BERLIN'S CONTINUED ASSOCIATION WITH AN EVOLUTIONARY EUROPEAN COMMUNITY.

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WE--AND THUS FAR THE BRITISH AND THE FRENCH--ARE UNITED WITH THE GERMANS ON THIS ISSUE, BUT THE SOVIETS HAVE INDICATED THAT THEY INTEND TO MAKE A MAJOR TEST OF IT.

-- THE THIRD WORLD. IN THIS AREA WE AND THE FRG ARE GENERALLY IN AGREEMENT. IN FACT, WE OFTEN STAND TOGETHER AGAINST OTHERS LARGELY BECAUSE WE SHARE THE SAME BELIEFS ABOUT THE TYPE OF INTERNATIONAL TRADE AND INVESTMENT SYSTEM THE WORLD SHOULD HAVE. THERE COULD BE MISUNDERSTANDING ON SOUTHERN AFRICAN ISSUES BECAUSE OF THE GERMAN NATIONALS AND ETHNICS LIVING THERE, BUT WE BELIEVE THESE CAN BE KEPT UNDER CONTROL AND THAT OUR OVER-ALL POLICIES ON THIRD WORLD ISSUES SHOULD BE A STRENGTHENING RATHER THAN WEAKENING ELEMENT IN THE RELATIONSHIP.

-- INTERNATIONAL ECONOMIC QUESTIONS. CLOSE COOPERATION AND UNITY OF PURPOSE GENERALLY CHARACTERIZE US-FRG RELATIONS IN THE SPHERE OF INTERNATIONAL ECONOMICS. THE FRG HAS PROVEN TO BE A STRONG NEGOTIATING ALLY IN MANY INSTANCES, AS FOR EXAMPLE IN THE NORTH-SOUTH ECONOMIC DIALOGUE, AND HAS EXPENDED CONSIDERABLE EFFORT AS WELL AS FINANCIAL RESOURCES TO PROMOTE, ALONG WITH THE US, RECOVERY AND STABILITY IN

THE WORLD ECONOMY. THE US AND OTHER INDUSTRIALIZED COUNTRIES ARE NOW SUGGESTING A GREATER EXPANSION IN THE GERMAN ECONOMY IN ORDER TO INSURE THE SUCCESS OF THE PAST YEAR'S INTERMITTENT RECOVERY IN THE WORLD ECONOMY. WE DIFFER IN OUR ASSESSMENT OF WHAT NEEDS TO BE DONE AND THIS WILL HAVE TO BE A CONTINUING MATTER FOR HIGH-LEVEL CONSULTATIONS.

-- NUCLEAR PROLIFERATION. THE FRG ACCEPTED THE NON-PROLIFERATION TREATY ONLY RELUCTANTLY, CONSIDERING IT DISCRIMINATORY. THE GERMANS ARE ALSO ACTIVE MEMBERS
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OF THE NUCLEAR SUPPLIERS GROUP. HOWEVER, MOTIVATED BY A DESIRE TO EXPAND ITS HIGH-TECHNOLOGY EXPORTS, ESPECIALLY IN SUPPORT OF ITS NUCLEAR INDUSTRY WHICH HAD A DECLINING DOMESTIC MARKET, IN 1974-75 THE FRG NEGOTIATED THE "ATOMIC DEAL OF THE CENTURY" -- THE SALE OF A FULL NUCLEAR FUEL CYCLE TO BRAZIL FOR A SUM ESTIMATED AT DM 15 BILLION. IN SO DOING, THE GERMANS IGNORED EXPRESSIONS OF US CONCERN OVER THE TRANSFER OF SENSITIVE NUCLEAR TECHNOLOGIES FOR REPROCESSING AND URANIUM ENRICHMENT (ALTHOUGH THE AGREEMENT DOES PROVIDE FOR SAFEGUARDS). THE "DEAL OF THE CENTURY" HAS MORE RECENTLY BEEN DESCRIBED AS POTENTIALLY THE "CONFRONTATION OF THE DECADE," AS WE

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USMISSION EC BRUSSELS
AMEMBASSY TOKYO
AMEMBASSY BRASILIA
USMISSION USBERLIN
AMEMBASSY MOSCOW
AMCONSUL BREMEN
AMCONSUL FRANKFURT
AMCONSUL DUSSELDORF
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART

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SEEK WAYS TO AVOID THE EXPORT OF SENSITIVE FACILITIES UNDER BRAZILIAN NATIONAL CONTROL. HIGH-LEVEL CONTACTS HAVE IMPROVED THE GERMAN UNDERSTANDING THAT OUR MOTIVATIONS ARE NOT COMMERCIAL--A POINT THAT WILL NEED CONSTANT REPETITION. AS NEGOTIATIONS CONTINUE, IN SEARCH OF ALTERNATIVES, WE WILL NEED TO EXERT ALL OUR EFFORTS TO ACHIEVE OUR NON-PROLIFERATION OBJECTIVES WITHOUT CREATING LASTING SCARS ON OUR BILATERAL RELATIONSHIP.

17. THE ABOVE ANALYSIS AND THE LISTING OF SOME PRINCIPAL ISSUES INDICATE THAT THE FUNDAMENTALS OF THE GERMAN-AMERICAN RELATIONSHIP REMAIN SOUND. WE SEE EYE TO EYE ON MOST MAJOR ISSUES. THE SUPPORT THAT WE GIVE EACH OTHER IS VITAL TO THE ATTAINMENT OF BOTH STATES' OBJECTIVES.

18. HISTORIC AND OBJECTIVE REALITIES PLAY AN EVOLUTIONARY ROLE IN THE RELATIONSHIP. NEW ISSUES ARISE.

THEY REQUIRE RESOLUTION AND THEY SOMETIMES LEAD TO DISPUTES, THOUGH THOSE ARE NOT THE FIRST GERMAN-AMERICAN DISPUTES AND WILL NOT BE THE LAST. BECAUSE OF GERMANY'S INCREASING POWER, AND INVOLVEMENT OUTSIDE TRADITIONAL AREAS, IT IS MORE DIFFICULT TO RESOLVE THOSE DISPUTES STRICTLY WITHIN THE ALLIANCE FRAMEWORK AND OUR CONFRONTATIONS TEND TO BECOME MORE DIRECT. THEREFORE, WE MAY BE ENTERING A PERIOD OF GREATER SENSITIVITY, ESPECIALLY IN DEALING WITH A GERMAN GOVERNMENT THAT IS LESS FREE TO MANEUVER.

19. DESPITE THESE DISPUTES, THE THINGS THAT UNITE US REMAIN MORE IMPORTANT THAN THE THINGS THAT DIVIDE US. MOREOVER, IT IS IN THE INTERESTS OF BOTH SIDES NOT TO PUSH ANY ISSUE TO THE POINT AT WHICH IT
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CAN DO MAJOR DAMAGE TO A RELATIONSHIP VITAL TO BOTH. THIS SITUATION UNDERSCORES THE IMPORTANCE OF CONTINUING THE PROCESS OF CLOSE, FRANK, AND INTIMATE COMMUNICATION ON ALL ISSUES.
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